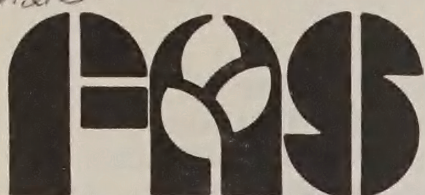


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# REPORT

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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 34-82

WASHINGTON, August 25--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

## GRAIN AND FEED

The June slowdown in ARGENTINA's corn exports continued into July. Preliminary data indicate that about 500,000 tons of Argentine corn were shipped in July, somewhat below the slow June pace. This was considerably below the July average of more than 900,000 tons during the past five seasons. The bulk of Argentine corn exports has traditionally moved in the April-September period. Unseasonably high export movement during the balance of the 1982/83 March-February marketing year will be necessary if exportable surpluses are to be shipped before new crop corn is harvested beginning in March.

The slow export pace is a result of the continued disparity between internal and international exchange rates, which have overvalued corn domestically, making it unprofitable for traders to buy corn for export. Interestingly, sorghum has not been affected to the same degree because of lower internal sorghum prices and continued low international market prices. In early June, f.o.b. Argentine sorghum prices quoted for July delivery were more than \$22 per ton less than quoted corn prices. Low domestic prices, resulting from record sorghum production, have helped negate the artificially high values created by exchange rate discrepancies, making sorghum exports less risky for traders and more attractive to importing countries.

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In CANADA, Vancouver grain handlers and longshoremen have been working without a contract since December 1981, awaiting the federally appointed conciliator's report. This report was recently released and was rejected by both unions. While negotiations are likely to continue, the unions now can legally strike. No immediate walk-out is anticipated, but some serious differences do remain, particularly concerning a variety of non-wage issues.

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JAPAN imported over 2 million tons of South African corn in the July/June 1981/82 period, according to preliminary import data. This level is almost twice the previous record level reached in 1978/79. The South African share of the Japanese corn market rose from about 5 percent in 1980/81 to about 17 percent in 1981/82. During the same period, the U.S. market share fell from 95 percent to just over 80 percent. Total Japanese corn imports fell by 1 million tons in 1981/82, compared with the previous year. Total Japanese corn imports from the United States declined by 2.5 million tons.

#### OILSEEDS AND PRODUCTS

The UNITED KINGDOM's 1982 rapeseed crop reached a record 510,000 tons, compared with 325,000 in 1981, according to the U.S. agricultural counselor in London. This year's crop was sown on 162,000 hectares, up nearly 30 percent from a year ago. The average yield is much improved, increasing from 2.6 tons per hectare in 1981 to an expected 3.2 for the current harvest.

This record production will enable the United Kingdom to export to other EC countries. To date, 10,000 tons have been booked and marketing year 1982/83 exports are expected to reach 40,000 tons. Currently, there is a temporary shortage of seed from Denmark, the traditional supplier. Danish growers are producing double zero varieties (low erucic acid rapeseed), which are paid a bonus from the EC intervention program, and crushers are unwilling to match this price.

In recent years, U.K. production of rapeseed has expanded at a faster rate than the increasing demand for its products. As a result, 1982/83 rapeseed imports are forecast at only 10,000 tons, down from 70,000 tons a year ago and a high of 187,000 tons in 1978/79.

#### DAIRY, LIVESTOCK AND POULTRY

In CZECHOSLOVAKIA, feed shortages caused by a small 1981 grain crop, prospects for another small crop in 1982, and the government's decision to curtail imports is forcing major adjustments in the livestock industry. The June 30 livestock census showed hog numbers down nearly 10 percent. While total cattle numbers were up nearly 1 percent, the number of cows was down slightly. According to the U.S. agricultural attache, red meat slaughter in Czechoslovakia during 1982 will be about 5 percent below 1981 with most of the decline expected in hogs. Poultry meat production during the second half of 1982 is expected to increase after being down 3 percent during the first 6 months. Egg production during 1982 is expected to stay at the 1981 level.

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In the SOVIET UNION, livestock performance on state and collective farms during July continued the pattern established in the spring of 1982--inventories were maintained at a high level while meat production ran just slightly below year-earlier levels. Cumulative meat production for January-July is just 1 percent below 1981. For the same period, pork and beef production were 3 and 2 percent, respectively, below year-earlier levels while poultry meat production was 9 percent above 1981. With good pasture conditions in dairy regions, cumulative milk production was nearly equal the 1981 level. Egg production was 3 percent above 1981.

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Soviet cattle numbers on August 1 were reported at 94.6 million head, 0.8 million head above 1981. At 58.2 million head, hog numbers are about 100,000 head below 1981. Earlier in the year, Soviet hog numbers were as much as 0.5 million head below the previous year.

During July, average liveweight at slaughter declined again for cattle, reaching 344 kilograms, about 4 kilograms below the June-May total; however, the average for hogs was 100 kilograms, unchanged from recent months. Per cow milk yields are about 1 percent below last year.

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ARGENTINA is expected to slaughter 13 million head of cattle this year, down 12 percent from 1981, according to recent estimates by the U.S. agricultural attache in Buenos Aires. The drop in slaughter this year is expected to lead to a slight increase in inventories rather than the decreases common in recent years. The reason for the reduction in slaughter seems to be largely motivated by reduced domestic demand for beef. Good pasture conditions may have also influenced producers to retain cattle.

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JAPAN may expand its import quota for nonfat dry milk (NFDM) and issue the first general import quota for butter since 1977 if stocks of both continue their recent declines. Increased demand for reconstituted milk, which utilizes about a third of the total butter consumed in Japan, has recently drained the Livestock Industry Promotion Corporation's (LIPC) stocks of butter--from 12,000 tons in March to an estimated 2,800 tons in mid-August. LIPC stocks of NFDM have also fallen from 43,732 tons in April to an estimated 22,000 in mid-August.

Japanese imports of NFDM are expected to reach 100,000 tons again in calendar year 1982 after declining to 83,036 tons in 1981. Butter imports may rise to 5,000 tons from last year's 1,734. Last year's amount was imported under small quotas for processing into infant formulas and for reconstituting milk for Okinawa. The United States supplied less than 1 percent of those imports in 1981 because of disadvantages in price and location.

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U.S. exports of breeding swine to ASIA are chalking up good gains this year, rising 62 percent to 3,240 head in the first 6 months of 1982. Major customers and their purchases for January-June were:

Japan	767 head
Taiwan	657 head
Thailand	652 head
China	462 head
Malaysia	320 head
Philippines	263 head

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In May, China made its second major American purchase in the past year, importing 462 swine from Nebraska. In December 1981, the first U.S. livestock air shipment to Guangzhou in 32 years delivered 353 U.S. hogs to China.

The Singapore Agriculture and Livestock Enterprise (SALE) has decided to purchase 1,500 head of breeding swine from the United States following a 3 week contact trip here in May. The swine, which are being purchased in five midwestern states, are expected to be shipped in September.

#### COTTON

BRAZIL's cotton export program was suspended during the first 2 weeks in August after 29,000 tons (135,000 bales) had already been approved for export. The suspension was caused by the spinning industry's concern that high-quality cotton was being accepted for export, leaving only lower qualities for domestic purchase. Apparently the problem has been resolved and export bids commenced on August 16. Cotton exports may exceed 50,000 tons (230,000 bales) under the program.

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SOUTH KOREA's 1982 tobacco crop estimate has been lowered from 91,000 tons to 64,000 tons, 26 percent below the 1981 crop, according to the U.S. agricultural counselor in Seoul. Dry weather during the early portion of the growing season restricted growth and caused the crop to mature and be harvested earlier than normal.

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HONG KONG announced a new set of anti-smoking laws on August 15, which will take effect on November 15. Provisions include health warnings and tar group designations in advertisements, smoking sections in public areas and transportation, and health warnings on cigarette packs.

Hong Kong is an important trade and consumption center for tobacco and tobacco products. In 1981, unmanufactured tobacco imports totaled 20,281 tons, while re-exports were 12,892. Cigarette imports in 1981 amounted to 8,828 tons while exports were 3,467 tons. The U.S. share of the tobacco leaf imported in 1981 amounted to 9 percent, while U.S. cigarettes accounted for 80 percent of total imports.

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The BRAZILIAN COFFEE INSTITUTE (IBC) on August 3 suspended the granting of official authorizations for the installation of new coffee roasting facilities until further notice. The measure follows the June 11 establishment of a working group to examine the domestic roasting industry in depth and to recommend measures to control its future development.

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SUDAN's gum arabic production for 1981/82 totaled about 37,000 tons, up from the 1980/81 harvest of 30,000 tons. The larger outturn was attributed to more favorable growing conditions and higher producer prices. Sudan has lowered the export tax on gum arabic from 30 percent to a 20 percent ad valorem rate.

The United States and Western Europe are the major markets for Sudan's gum arabic exports. U.S. imports during the first half of 1982 totaled 2,770 tons (\$4.3 million) compared with 3,970 tons (\$6.2 million) during January-June 1981. Total 1981 imports were 8,645 tons (\$13.2 million). More than 90 percent of U.S. gum arabic imports usually are from Sudan.

\*\*\*\*\*

In the UNITED STATES, U.S. imports of nursery products--cut flowers, bulbs, corms, root stock, fruit trees and live plants--were valued at \$170.6 million in 1981, compared to \$158.1 million a year earlier. This increase is primarily due to an upsurge in fresh cut rose imports, valued at \$13.1 million, compared to \$4.7 million in the previous year. By value, cut flowers were the leading nursery import, representing nearly 59 percent in 1981 and 54 percent in 1980.

\*\*\*\*\*

In EL SALVADOR, surplus coffee production and a lack of funding have prevented the Salvadoran Coffee Institute (INCAFE) from buying the total 1981/82 coffee crop at published prices. Purchases for the year were not opened until February 1. As of July 1, the Institute had purchased only 40 percent of the crop from local growers. As a result, some growers have had to refinance loans from the 1981/82 harvest and take out new loans for the 1982/83 crop at the same time. Frustrated growers have taken their concerns to the press in recent weeks in an effort to seek relief. Harvesting of the 1982/83 crop is scheduled to begin in September or October.

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Reflecting a smaller harvest, MALAYSIA's exports of black and white pepper in 1981 totaled 28,606 tons, down 7 percent from 1980 shipments of 30,709 tons. Major importers were Singapore 20,893 tons; Japan 3,195 tons; West Germany 1,486 tons; and Hong Kong 670 tons.

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ISRAEL's fresh vegetable exports over the past few years have faced continued price declines, due to both domestic and international marketing pressures. In 1979/80, fresh vegetable exports, which include melons and strawberries, totaled 66,000 tons, valued at \$43 million. In 1980/81, the volume exported nearly doubled, reaching 113,000 tons, but the value was only \$55 million. The export volume for 1981/82 is expected to total 126,000 tons, with the f.o.b. value again declining to \$54 million.

A major reason for decreasing returns from exports was the relative weakness of major European currencies against the U.S. dollar. Most Israeli vegetables exported are sold in Europe. Increasing competition from other Mediterranean countries was also a factor.

\*\*\*\*\*

COLOMBIA's coffee exports are expected to total only about 9 million bags this year (October 1981/September 1982), against exportable production in excess of 12 million bags. While European sales have held up well, declining U.S. demand (down from 25 percent of total sales for the first 9 months last year to 18.4 percent this year) is a source of concern to government and local coffee authorities. A more aggressive advertising campaign based on quality and careful selection has been recommended to stimulate American and Canadian demand for Colombian coffee.

Colombia is also making an effort to reactivate coffee trade with East European countries. Reportedly, Colombia has made a barter arrangement with the USSR involving 5,000 tons (83,330 bags of 60 kilograms) of green coffee for 125 trolley coaches to be used in public transportation. The exchange will be carried out over the next 2 years.

\*\*\*\*

NEW ZEALAND's 1982 kiwifruit export crop was damaged considerably by high winds and hail during the week of April 12, according to the U.S. agricultural attache in Wellington. Prior to April 12, the export crop was expected to reach 7 to 8 million trays (270 trays per ton). The crop has now been harvested and the exportable portion is placed at 4.6 million trays, approximately half of which has been shipped. However, no reduced shipments to the U.S. market are expected.

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In the UNITED KINGDOM, the Potato Marketing Board on August 3 announced a further reduction in the 1983 target area for planting of potatoes to 161,000 hectares. The new target is 1 and 3 percent below the 1982 and 1981 levels, respectively. Producers operating outside the Board's policy decision have the option to plant at levels that would exceed the target amount, but they are not eligible for support under the government's deficiency payment system. The Board's action has resulted from the concern that excess production from this season's crop could lead to oversupply.

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	:	August 24, 1982	:	Change from	:	A year ago
	:		:	previous week	:	
	:		:		:	
		\$ per m. ton		\$ per bu.		¢ per bu.
						\$ per m. ton
Wheat						
Canadian No. 1 CWS-13.5%.....		195.50		5.32		+.37
U.S. No. 2 DNS/NS: 14%.....		172.00		4.68		+.11
U.S. No. 2 DHW/HW: 13.5%.....	1/			1/		1/
U.S. No. 2 S.R.W.....		144.00		3.92		+.14
U.S. No. 3 H.A.D.....		163.00		4.44		NC
Canadian No. 1 A: Durum.....		181.00		4.93		-.02
Feed grains:						
U.S. No. 3 Yellow Corn.....		111.50		2.83		+.14
U.S. No. 2 Sorghum 2/.....	1/			1/		1/
Feed Barley 3/.....	1/			1/		1/
Soybeans:						
U.S. No. 2 Yellow.....		234.00		6.37		+.33
Brazil 47/48% Soya Pellets 4/.....		205.00		--		+3.00 5/
U.S. 44% Soybean Meal (MT).....		205.00		--		+11.00 5/
EC Import Levies						
Wheat 6/.....		110.26		3.00		+.24
Barley.....		105.63		2.30		+.28
Corn.....		107.00		2.72		+.15
Sorghum.....		102.63		2.60		+.19

1/ Not available.

2/ Optional delivery: Argentine Granifero sorghum.

3/ Optional delivery: Canadian feed barley.

4/ Optional delivery: Argentine.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis September delivery.

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